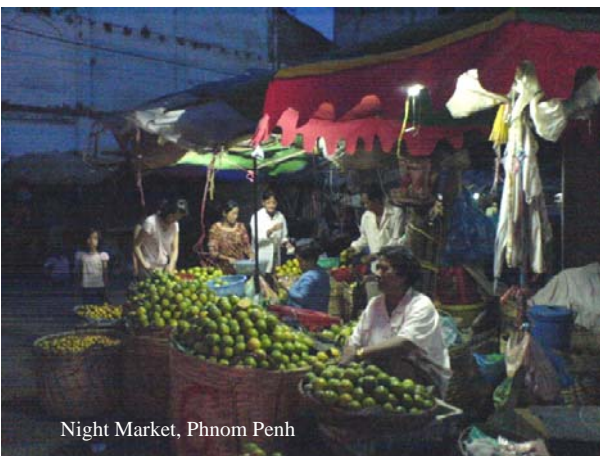




USAID | CAMBODIA

FROM THE AMERICAN PEOPLE



Night Market, Phnom Penh

BACKGROUND

Although Cambodia has experienced steady growth since 1999, the economy is narrowly based- built on garment exports and a nascent but growing tourist industry. Additionally, the rural agricultural sector is grossly under-developed, yet holds the most potential in terms of growth for most Cambodians.

With the end of the textile quota system this year, there was fear of a downturn in economic growth. However, the results of a USAID sponsored survey shows that Cambodia's garment industry appears to be holding its own and is indeed more competitive than several other countries in the region.

On the other hand, Cambodia suffers from a poor business climate including lack of transparent business rules and regulations; few or weak business associations; high infrastructure, credit (if available) and energy costs, and lack of supporting commercial legal systems and frameworks. USAID private sector competitiveness programs include support for trade, a development credit authority, a new micro, small & medium enterprise development program, and new garment manufacturing productivity project. USAID is promoting competitiveness and labor management in Cambodia's manufacturing industry, as well as promoting stimulation of diversity and attractiveness of the country's industrial and business climate.

Increased transparency and accountability within the business environment, including improvements in corporate governance, productivity and management will result in diverse sector's enhanced contribution to economic growth.

CURRENT & FORMER PARTNERS

Nathan Associates: Is launching a new project called the Garment Industry Productivity Training Center.

International Labor Organization (ILO): USAID is providing follow on funding to the ILO's Labor Arbitration Council Support Project and Better Factories Program.

Development Alternatives, Inc. (DAI): Is embarking on a new Strengthening of Micro, Small and Medium Enterprises Project. The project realizes the necessity of stimulating Cambodia's rural and diverse business sector, and will focus activities in four of Cambodia's Eastern provinces.

The Asia Foundation (TAF): Concluding in September 2005, the organization provided a sub-grant to the NGO Small-Medium Enterprise Development of Cambodia. The project realized the necessity of stimulating Cambodia's business development sector, and the fostering of small and medium enterprise growth and development and business development associations.

RESULTS TO DATE

USAID-funded programs have achieved a number of important results in:

- Establishment of 19 Business Development Associations by the organization Small-Medium Enterprise Cambodia through a sub-grant by the Asia Foundation.
- Implementation of DCA for Micro-Finance Institutions through a commercial bank located in Phnom Penh, Canadia Bank, for up to a 50% loan guarantee.
- Over 80 factories were surveyed to determine their ranking in competitiveness and productivity compared to other countries around the world, and to determine ways for the factories to improve.
- Improved labor standards continues to make Cambodia attractive to garment buyers around the globe.



PRIVATE SECTOR COMPETITIVENESS